

Bird & Bird & IP Case Reports

April 2018

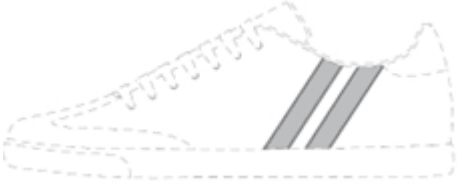
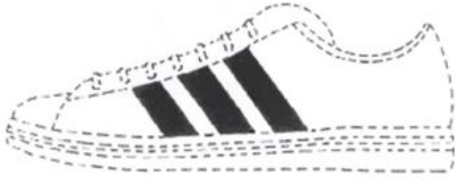


Trade mark decisions

Decisions of the General Court (GC) and Court of Justice (CJ)

Ref no.	Application (and where applicable, earlier mark)	Comment
<p>CJ C-673/15; C-676/15 <i>The Tea Board v EUIPO; Delta Lingerie</i> 20.09.17 Reg 207/2009</p> <p>Reported by: Robert Milligan</p>	 <ul style="list-style-type: none"> - clothing; women's undergarments and day and night lingerie (25) - retail of women's undergarments and day and night lingerie, clothing (35) <p>DARJEELING</p>  <ul style="list-style-type: none"> - tea (30) 	<p>The CJ upheld the GC's decision that there was no likelihood of confusion between the marks under Art 8(1)(b) and no commercial advantage under Art 8(5).</p> <p>The CJ held that the essential function of an EU collective mark was to indicate commercial origin by distinguishing the goods or services of the members of the association which owns the trade mark from other undertakings. The purpose was not to distinguish those goods or services according to their geographical origin, which remained the preserve of geographical indications. The GC was therefore correct to find that, where the marks at issue included a collective mark and an individual mark, the possibility that the public might believe the goods and/or services shared the same geographical origin was not relevant for the assessment of identity or similarity.</p> <p>The CJ agreed that The Tea Board had failed to prove that Delta Lingerie would gain a commercial advantage from the mark, for the purposes of Art 8(5), notwithstanding the fact that consumers of the goods and services covered by the trade marks applied for by Delta Lingerie may be attracted by the values and positive qualities connected with the Darjeeling region.</p>

Ref no.	Application (and where applicable, earlier mark)	Comment
<p>CJ</p> <p>C-341/16</p> <p><i>Hanssen Beleggingen BV v Tanja Prast-Knippling</i></p> <p>05.10.17</p> <p>Reg 44/2001</p> <p>Reported by: Christine Danos</p>	 <ul style="list-style-type: none"> - goods from aluminium (6) - goods from plastic (19) 	<p>The CJ gave a preliminary ruling on the interpretation of Art 22(4) of Council Regulation (EC) No 44/2001 (the Brussels Regulation), and held that the provision did not apply to proceedings to determine whether a person was correctly registered as the proprietor of a trade mark.</p> <p>Hanssen issued proceedings against Prast-Knippling, who had recorded herself as the owner of the Benelux trade mark following the death of Mr Knipping, claiming that the mark had been assigned several times prior to Mr Knipping's death and no longer formed part of his estate at the time of his death. The Düsseldorf Regional Court held that the right had been validly transferred to Ms Prast-Knippling. Hanssen appealed to the Düsseldorf Higher Regional Court, which questioned the jurisdiction of the German courts (being the place where Ms Prast-Knippling was domiciled) to hear the case and referred to the CJ for determination the question of whether Art 22(4) extended to proceedings to determine whether a person was correctly registered as the proprietor of a trade mark.</p> <p>The CJ held that the objective of Art 22(4) was to ensure that jurisdiction for proceedings concerning the registration or validity of intellectual property rights rested with courts closely linked in fact and law to the register, as those courts were best placed to adjudicate on cases where the validity of the right was in dispute.</p> <p>The question of who must be regarded as the proprietor of a trade mark did not fall within the scope of Art 22(4): this interpretation was not affected by the fact that EU legislation permitted the proprietor of an IPR to demand the assignment of a registration initially made in the name of another.</p>
<p>GC</p> <p>T-118/16</p> <p><i>Deutsche Post AG v EUIPO; bpost NV</i></p> <p>20.02.18</p> <p>Reg 207/2009</p> <p>Reported by: Rebecca Sellars</p>	<p>BEPOST</p> <ul style="list-style-type: none"> - paper, cardboard and goods made from these materials (16) - advertising; various business and office functions (35) - telecommunications (38) - transport; packaging and storage of goods; travel arrangement; various forms of mail delivery (39) <p>POST</p>  <ul style="list-style-type: none"> - various goods and services in Classes 9, 35, 36, 38, 39, 40, 41 and 42 <p>(EUTM, German and unregistered marks)</p>	<p>The GC upheld the BoA's decision that there was no likelihood of confusion between the marks pursuant to Art 8(1)(b).</p> <p>The BoA was correct to find that the marks were similar to a low degree but had significant visual, phonetic and conceptual differences, despite sharing the word element 'post'.</p> <p>The BoA was also correct to find that the common element POST of the marks at issue had a weak distinctive character.</p> <p>Therefore, despite the largely identical and similar goods and services, the BoA was correct to find no likelihood of confusion between the marks at issue.</p> <p>The appeal based on Art 8(4) was rejected; as the unregistered mark POST had weak distinctive character, the differences between the marks at issue were sufficient to rule out a likelihood of confusion required by national law.</p> <p>The GC also rejected the appeal based on Art 8(5) as the relevant public would not make any link between the mark applied for and the earlier national word mark POST since the word 'post' was likely to be perceived merely as a reference to postal services.</p>

Ref no.	Application (and where applicable, earlier mark)	Comment
GC T-85/16; T-629/16 <i>Shoe Branding Europe BVBA ("SBE") v EUIPO; adidas AG</i>	 <ul style="list-style-type: none"> - safety footwear (9) 	<p>The GC upheld the BoA's decision that the mark applied for was likely to take unfair advantage of the reputation of the earlier mark without due cause under Art 8(5).</p> <p>The GC endorsed the BoA's decision that the evidence adduced was sufficient to establish the reputation of the earlier mark. The mark was known by a significant part of the relevant public in a substantial part of the EU.</p>
01.03.18 Reg 207/2009	<ul style="list-style-type: none"> - footwear (25)  <ul style="list-style-type: none"> - footwear (25) 	<p>The GC's earlier judgment between the parties (T-145/14, reported CIPA Journal, June 2015) had the authority of res judicata in relation to its findings that (i) the average consumer of the goods had an average level of attention; and (ii) the marks were visually similar to some extent.</p> <p>The BoA could not be criticised for not having ruled on the existence of injury to the distinctive character of the earlier mark when it had already found that the use of the mark applied for risked taking unfair advantage of the earlier mark.</p> <p>The alleged co-existence on the market between (1) the mark applied for and similar marks of SBE and (2) the earlier mark and other similar marks of adidas was not peaceful and was not based on the absence of a likelihood of a connection being made between the marks.</p>
Reported by: Henry Elliott		

Ref no.	Application (and where applicable, earlier mark)	Comment
GC T-398/16 <i>Starbucks, Corp. v EUIPO (Hasmik Nersesyan)</i>	<p>RSTUDIO</p> <ul style="list-style-type: none"> - computer software for statistical computing using the R computing language; computer software for development of software applications for statistical computing using the R computing language (9) 	<p>The GC upheld the BoA's decision that the earlier mark had been put to genuine use and that there was a likelihood of confusion between the marks pursuant to Art 8(1)(b).</p> <p>Contrary to Rstudio's submission, genuine use of the earlier mark in relation to 'data modelling software and programmes' and 'entity relationship modelling software for SQL databases' also proved use in connection with the broader category of goods, 'database software and programmes'. The BoA was therefore correct to find that the earlier mark had been put to genuine use in respect of all goods including 'database software and programmes'.</p>
16.01.18 Reg 207/2009	<p>ER/STUDIO</p> <ul style="list-style-type: none"> - database software and programmes; data modelling software and programmes; entity relationship modelling software for SQL databases (9) 	<p>Visually and phonetically, the marks were similar given the presence of the same sequence of letters 'r', 's', 't', 'u', 'd', 'i', 'o' in each. The pronunciation was also similar due to the juxtaposition of the 'r' and 'er' elements with the word 'studio' in both marks.</p> <p>The shared element 'studio' had an average level of distinctiveness in relation to the goods at issue. Though the 'r' and 'er' elements referred to different concepts, they both evoked computing programmes for statistical analysis, and the marks were therefore conceptually similar.</p> <p>Rstudio had failed to adduce evidence of the peaceful coexistence of earlier marks on the market, to support the claim that there was an absence of confusion on the part of the relevant public.</p>
Reported by: Ciara Hughes		

Ref no.	Application (and where applicable, earlier mark)	Comment
GC T-45/17 <i>Kwang Yang Motor Co., Ltd, v EUIPO; Udo Schmidt</i>	<p>desde 1972</p>  <p>Facility Services</p> <ul style="list-style-type: none"> – office functions, recruitment, business administration (35) – cleaning, maintenance and repair services (37) – transport, removal and distribution services (39)  <ul style="list-style-type: none"> – recruitment and reception services, office functions (35) – cleaning, laundry and building management services and maintenance (37) – transport, packaging and courier services (39) <p>(Finnish mark)</p>	<p>The GC upheld the BoA's decision that there was a likelihood of confusion under Art 8(1)(b).</p> <p>The BoA was correct in its assessment that motorcycles covered by the mark applied for were similar to automobiles covered by the earlier mark, as both were land vehicles intended for the carriage of passengers, which coincided in nature and intended purposes and were aimed at the same public.</p> <p>The earlier mark did not have a clear dominant element and was of normal distinctive character. The mark applied for similarly did not have a dominant element and the number '1' was not anymore eye-catching than the letters 'CK', which comprised the entirety of the earlier mark. The number 1 was insufficient to rule out visual similarities between the marks and may even have been liable to make consumers more likely to identify the common 'CK' element, especially as the stylistic elements of the earlier mark were held to be purely decorative.</p> <p>Notwithstanding the fact that the relevant public had a high level of attention, the number '1' may have been perceived as indicative of the sequence number of the earlier mark, increasing the potential confusion between the marks in question.</p>
20.02.18 Reg 207/2009		
Reported by: Emma Green		
Ref no.	Application (and where applicable, earlier mark)	Comment
GC T-103/17 <i>Recordati Orphan Drugs v EUIPO; Laboratorios Normon, SA</i>	<p>NORMOSANG</p> <ul style="list-style-type: none"> – pharmaceutical preparations containing human hemin (5) <p>NORMON</p> <ul style="list-style-type: none"> – pharmaceutical products; dietic substances for medical use; baby food; plasters and dressings (5) <p>(Spanish mark)</p>	<p>The GC upheld the BoA's decision that there was a likelihood of confusion between the marks at issue under Art 8(1)(b).</p> <p>The BoA was correct to find that the relevant public included both the health professionals and patients and that the goods at issue were identical.</p> <p>The BoA considered that the visual and phonetic similarity created by the group of letters 'normo' at the beginning of the marks at issue were neutralised by the differences resulting from the final letter 'n' of the earlier mark and 'sang' at the end of the mark applied for. The BoA correctly concluded that the signs were visually and phonetically similar to an average degree. The BoA was also correct to find that a conceptual comparison of the goods at issue was not possible. Although the component parts were similar to Spanish words 'normal' and 'sangre' meaning 'normal blood' the mark applied for was fanciful and did not convey a specific idea or meaning.</p> <p>The BoA correctly dismissed Recordati's submission that the peaceful coexistence of the marks on the market indicated there was no</p>
09.03.18 Reg 207/2009		
Reported by: Mark Livsey		

Ref no.	Application (and where applicable, earlier mark)	Comment
		likelihood of confusion to the Spanish public, as the evidence adduced was insufficient to support this claim. The BoA was therefore correct to find that there was a likelihood of confusion between the marks despite the high level of attention shown by professionals.
Ref no.	Application (and where applicable, earlier mark)	Comment

GC

T-824/16

*Kiosked Oy Ab v
EUIPO; De Vlaamse
Radio- en
Televisieomroeporgani
satie (VRT)*

13.03.18

Reg 207/2009

Reported by:

Mark Livsey



- advertising; business management; business administration; office functions (35)
- scientific and technological services; design of computer hardware and software (42)



- advertising; business management; business administration; office functions (35)
- computer programming; design of websites and multimedia software (42)

(Benelux mark)


The GC upheld the BoA's decision that there was a likelihood of confusion between the marks at issue under Art 8(1)(b).

The BoA was correct to find that the relevant public included professionals and that the services at issue were identical.

As regards the comparison of the signs, the BoA was incorrect to find that the signs had a lower than average degree of visual similarity on the basis that both signs would be perceived as containing the white letter K on a black background. The differences between the marks would not go unnoticed by professionals who have a high level of attention. As a result, the marks could not be held to be identical. The GC found that the degree of visual similarity between the marks was at least average. The BoA was also incorrect to find that phonetic and conceptual comparisons between the signs at issue were not possible and were therefore neutral. The GC held that the signs at issue would be pronounced as the letter K and that, from a conceptual perspective, both marks referred to the same particular phoneme. As such, the

However, on a global assessment taking into account the average degree of distinctiveness of the earlier mark, the BoA was correct to conclude that there was a likelihood of confusion between the marks at issue. GC found that the marks were phonetically and conceptually identical.

Ref no.	Application (and where applicable, earlier mark)	Comment
GC T-346/17 <i>Hotelbeds Spain, SL v EUIPO; Guidigo Europe</i>	 <ul style="list-style-type: none"> - travel arranging and organising tourist excursions via the internet (39) - entertainment, cultural activities (41) - temporary accommodation reservations (43) <p>GUIDIGO</p> <ul style="list-style-type: none"> - information relating to tourist and cultural tours (39) - providing of training, entertaining (41) 	<p>The GC upheld the BoA's finding that there was a likelihood of confusion pursuant to Art 8(1)(b).</p> <p>The BoA erred in finding that the word element GUIDIGO in the mark applied for, would be read as a single word, given the use of different colours and the gap between 'guide' and 'go'.</p> <p>Notwithstanding this assessment, the pronunciation between the two marks was unlikely to be significant and the BoA was therefore correct to find that there was a high degree of phonetic similarity between the marks. Although the BoA had erred in its interpretation of the mark, this error did not alter the assessment of the visual similarity of the marks as average.</p> <p>The BoA correctly held that, whilst 'guide' and 'go' carried meaning for the English-speaking members of the public, GUIDIGO as a whole would not, but erred in its assessment that this resulted in a neutral conceptual similarity. The GC overruled this reasoning, stating that whilst GUIDIGO did not convey a clear concept to the English-speaking public, GUIDIGO was a fanciful word which had no meaning for the relevant public. Therefore, for the English-speaking public, the words are conceptually different.</p>

Ref no.	Application (and where applicable, earlier mark)	Comment
GC T-390/16 <i>Grupo Osborne, SA v EUIPO; Daniel Ostermann</i>	 <ul style="list-style-type: none"> - retail services relating to a range of goods including clothing, footwear and textile products (35) <p>TORO</p> <ul style="list-style-type: none"> - clothing and footwear (25) 	<p>The GC upheld the BoA's decision that there was no likelihood of confusion between the marks pursuant to Art 8(1)(b).</p> <p>The BoA erred in finding that retail services relating to clothing and footwear were only similar to a low degree to clothing and footwear. Although these goods and services differed in their nature, intended purpose and method of use, they were complementary and therefore had a certain degree of similarity.</p> <p>The word 'TORO', which coincided in both marks, would be perceived by the Spanish and Italian speaking parts of the relevant public as designating a bull or as a family name. However the other elements of the mark applied for, namely the words 'DOG FRIENDSHIP' and the crown device, were not negligible in the overall impression of the applied for mark. The GC held that even to the extent that 'TORO' retained an independent distinctive role in the mark applied for, that in and of itself was not sufficient to offset the differences between the marks.</p>

Ref no.	Application (and where applicable, earlier mark)	Comment
GC T-60/17 <i>Safe Skies LLC v EUIPO; Travel Sentry, Inc.</i>	<p>TSA LOCK</p> <ul style="list-style-type: none"> - metal locks for luggage (6) - bags and luggage (18) - non-metal locks for luggage (20) 	<p>The GC upheld the BoA's decision to reject an application for a declaration of invalidity under Art 52(1)(a) in conjunction with Art 7(1)(b), (c) and (g).</p> <p>The GC confirmed that an EUTM enjoys a presumption of validity as a result of the assessment carried out by the EUIPO during the examination phase. In invalidity proceedings the onus is therefore on the applicant to invoke facts</p>

22.03.18
Reg 207/2009



Reported by:
Charlotte Peacock

which call into question the validity of the trade mark.

The bulk of the evidence submitted by Travel Sentry post-dated the filing date of the mark applied for and did not relate to the situation at the filing date. The GC therefore held that such evidence could not be taken into account.

Although the word 'LOCK' was not capable of distinguishing the relevant goods in classes 6 and 20 from the goods of other undertakings, Travel Sentry failed to prove that on the relevant date the relevant public understood the letters "TSA" to be an abbreviation for "Transportation Security Administration".

Accordingly, Travel Sentry had failed to demonstrate that at the relevant date the mark was descriptive, devoid of distinctive character, or deceptive. The GC dismissed the appeal in its entirety.

Ref no.	Application (and where applicable, earlier mark)	Comment
GC T-390/16 <i>Grupo Osborne, SA v EUIPO; Daniel Ostermann</i>		<p>The GC upheld the BoA's decision that there was no likelihood of confusion between the marks pursuant to Art 8(1)(b).</p> <p>The BoA erred in finding that retail services relating to clothing and footwear were only similar to a low degree to clothing and footwear. Although these goods and services differed in their nature, intended purpose and method of use, they were complementary and therefore had a certain degree of similarity.</p> <p>The word 'TORO', which coincided in both marks, would be perceived by the Spanish and Italian speaking parts of the relevant public as designating a bull or as a family name. However the other elements of the mark applied for, namely the words 'DOG FRIENDSHIP' and the crown device, were not negligible in the overall impression of the applied for mark. The GC held that even to the extent that 'TORO' retained an independent distinctive role in the mark applied for, that in and of itself was not sufficient to offset the differences between the marks.</p>
20.03.18 Reg 207/2009	<ul style="list-style-type: none">- yoghurt; milk beverages, milk predominating; milk products (29)- candy; yoghurt (frozen -) confectionery ices; confectionery made of sugar; powders for ice cream; candy; Ices and ice creams (30)- almonds (milk of -) beverage; non-alcoholic beverages; milk (peanut -) non-alcoholic beverage (32)	
		
	<ul style="list-style-type: none">- cocoa, cakes, chocolates, chocolate creams, cakes with cocoa milk and chocolate cream (30) <p>(International registration designating various EU Member States)</p>	

Luxury brand owners can stop their goods from being sold on third-party online platforms: *Victoria Moorcroft reports*

Coty Germany GmbH v Parfümerie Akzente GmbH (CJ (First Chamber); C-230/16; 6.12.17)

In response to a request for a preliminary ruling from the Higher Regional Court, Frankfurt am Main, Germany, the CJ has delivered a judgment which enables brand-owners to restrict their distributors from selling on online market places.

Coty owned a number of high-end perfume brands. Coty operated a selective distribution network for the distribution of the perfumes. Parfümerie Akzente was an approved distributor. Coty sought to introduce changes to the selective distribution criteria, to specify that an authorised retailer could only sell on the internet through an "electronic shop window" of an authorised store, and to prohibit the use of unauthorised third party websites. It then brought an action to prevent Parfümerie Akzente selling the products on Amazon.de. Parfümerie Akzente argued that the requirement not to sell on third party websites was contrary to EU competition law. Ultimately a number of questions were referred to the CJEU regarding the use of selective distribution as the means of distributing luxury products and restrictions which prevent people selling on third party online platforms.

The CJ concluded as follows:

- luxury brand owners were able to use the protection of the luxury image of their products as the sole justification for implementing a selective distribution system, provided that the criteria imposed for entry into the system are objective, applied uniformly and in a non-discriminatory manner. This appears to be a departure from statements in *Pierre Fabre (C-483/09)* that the aim of maintaining a prestigious product image was not a legitimate reason for restricting competition. Instead, the CJ followed the earlier case of *Copad (C-59/08, CIPA Journal May 2009)*, where the CJ held that the aura of luxury is bestowed on goods by their allure and prestigious image and it is that aura of luxury which enabled consumers to distinguish them from similar goods. Consequently, an impairment to that aura was likely to affect the actual quality of those goods, justifying characteristics and conditions of a selective distribution system which sought to ensure that the goods were displayed in sales outlets in a manner that enhanced their value;
- a supplier may prohibit members of a selective distribution system from selling its products on third party platforms in order to preserve the luxury image of its products;
- a restriction preventing distributors of luxury products in a selective distribution network from selling on third party online platforms (such as Amazon and eBay) was not a hardcore restriction. In particular the CJ rejected the argument of the German competition authority that a third party platform ban was either a customer group or a restriction on sales to end users; and
- given the restriction was not a hardcore restriction, it could benefit from the vertical agreements block exemption.

The judgment was limited only to luxury products, but the reasoning behind the judgment would suggest that the principle is of general application, and could apply to any distribution network and any products. The European Commission has since publicly confirmed its own view that the judgment had wider application.

It is worth noting that the Advocate General (opinion dated 26.07.17) had broadly recognised the importance of brands more generally, not just luxury brands. However, the CJ limited itself to responding to the questions asked (as is customary) which related to luxury goods specifically.

Court of Appeal partially varies and discharges Order requiring deletion of social media posts: *Francesca Rivers reports*

Frank Industries Pty Ltd v Nike Retail BV & Ots (Kitchin and Lewison LJJ; [2018] EWCA Civ 497; 13.03.18)

The CA (Lewison LJ giving the lead judgment) partially varied and discharged a mandatory Order of Judge Hacon in the IPEC which required Nike to delete potentially trade mark-infringing posts from its social media accounts. While the CA agreed that it was right to prohibit Nike's further use of the sign "LDNR" pending an expedited trial, it held that the Judge had gone too far in mandating the deletion of existing Instagram and YouTube posts when measures such as archiving, blurring or retitling would suffice while preventing Nike losing existing comments and likes. As Tweets on Twitter could not be archived, the CA discharged the part of Judge Hacon's Order which required deletion of Nike's Tweets.

Order made in the IPEC

Women's sportswear company Frank Industries owned UK and EU trade marks consisting of the letters LNDR in upper case. Well-known sports retailer Nike launched a marketing campaign entitled "Nothing beats a Londoner" in which it used the upper-case lettering "LDNR" as an abbreviation of the word Londoner. The lettering was used in a lock-up combining it with the famous Nike Swoosh and/or the words "Nothing beats a". Frank Industries issued a claim in the IPEC for passing off and trade mark infringement under Sections 10(2)(b) and 10(3) and Articles 9(2)(b) and 9(2)(c). It also applied for an interim injunction restraining Nike's alleged infringing acts. Judge Hacon granted a prohibitory injunction and also granted a mandatory injunction which required Nike to, within 14 days, "take all reasonable steps to delete the signs LDNR, LNDR, LDNER and LNDER from social media accounts within its reasonable control". He also directed an expedited trial, limiting the duration of the interim injunction to around four months. Nike appealed the decision.

Prohibitory injunction upheld

The CA upheld the prohibitory element of the injunction, agreeing that Nike should not be permitted any further uses of the disputed sign, including a planned screening of a video displaying the lettering and publicity involving celebrities wearing clothing bearing the LDNR sign. Judge Hacon had been entitled to find that there was convincing evidence of a serious risk that the public would perceive Frank Industries' goods as being linked with Nike's business, with the result that Frank Industries would plainly suffer harm not adequately compensable in damages should the injunction be refused. On the flipside, Nike's campaign could still continue and would not be crippled if temporarily prevented from further using the abbreviated form of "Londoner".

Mandatory part of Order found wanting

Lewison LJ considered that Judge Hacon did not deal with the mandatory provisions of his Order expressly in his reasoning, nor did he "give any explicit consideration to the potentially irreversible consequences of that part of his order". Further, the removal of Nike's existing social media posts and content was not something that Frank Industries had, in terms, sought.

Nike's evidence demonstrated that Instagram posts could not be deleted without removing the entire conversation, Tweets could not be deleted without the loss of all likes and re-Tweets, and YouTube videos could not be edited and reposted without the URL changing, meaning the (millions of) existing comments, links and shares would be lost. The CA accepted evidence adduced by Frank Industries that Instagram posts could be reversibly archived rather than deleted and YouTube videos could be retitled and infringing content pixelated without the need to repost under a different URL. Lewison LJ therefore held that the mandatory portion of Judge Hacon's Order should be varied "so as to make it clear that Nike is not obliged to delete Instagram posts or the YouTube video if the Instagram posts are archived and the YouTube video is blurred and retitled in the way . . . suggested". Twitter, said Lewison LJ, caused him some concern. The existence of real confusion was debatable, and deleting existing Tweets would have "irreversible and far-reaching consequence" for Nike. He accepted that, on an interlocutory application of this kind, "it would not be right to deprive Nike of the benefit of the continuing conversations between young Londoners". While Nike would and should be prohibited from posting new Tweets using the disputed sign, he did not think that it should be prevented from responding to queries arising out of existing Tweets. Lewison LJ therefore discharged the IPEC's requirement that the sign be deleted from Nike's Twitter feed.

IPEC rejects defence of earlier goodwill in a particular locality under Section 11(3). *Katharine Stephens, Hilary Atherton and Zoe Fuller report.*

Student Union Lettings Ltd ("SUL") v Essex Student Lets Ltd ("ESL")* (Miss Recorder Amanda Michaels; [2018] EWHC 419 (IPEC); 12.04.2018)

In a case involving two student letting agencies, Recorder Michaels held that SUL's mark "SULETS" was infringed by ESL's use of "SU LETS". ESL's defence under Section 11(3) was rejected. It was also liable for passing off. *Thomas Pugh reports.*

SUL operated a letting agency for university students at the University of Leicester and De Montfort University in Leicester. ESL was a wholly owned subsidiary of the University of Essex and provided private residence accommodation for students of that university. SUL alleged that ESL has infringed its UK trade mark for the word mark "SU LETS" registered in Classes 36 and 37 for, among other things, "accommodation letting agency services" (the "Mark") under Sections 10(1) and/or 10(2). SUL also claimed ESL was liable for passing off. ESL denied infringement and passing off but accepted that the key issue to be determined was whether or not it could rely on the defence to trade mark infringement in Section 11(3).

Infringement

It was common ground that the sole issue in respect of infringement under Section 10(1) was whether "SU LETS" (the "Sign") was identical to the Mark. After being referred to both *LTJ Diffusion v Sadas Vertbaudet SA* (Case C-291/00) and *IBM Corp v Web-Sphere Ltd* [2004] EWHC 529 (Ch), Recorder Michaels held that the space between "SU" and "LETS" was not a significant difference and would go unnoticed by the average consumer. The Mark and the Sign were therefore visually and conceptually identical. Recorder Michaels further agreed that both marks could be pronounced in the same two ways (either S U Lets as three syllables or Soo-lets as one) and therefore additionally found aural identity between the Mark and the Sign. Recorder Michaels also considered the similarity of the Mark and the Sign under Section 10(2) in circumstances where ESL's sign did not exclusively consist of the words "SU LETS." She held that both original and revamped versions of ESL's logo were similar to the Mark. She further held that the use by ESL of frequent references to the University of Essex in its marketing materials was not enough to preclude a likelihood of confusion arising.

Pleaded defence under Section 11(3)

There were two issues to be determined in respect of ESL's pleaded defence under Section 11(3): (i) whether ESL had goodwill in SU LETS in relation to student letting and agency services in the locality of the University of Essex as at the filing date of the Mark; and (ii) whether SUL, by the time ESL started using the Sign, had its own goodwill in the Mark so as to defeat the defence under Section 11(3).

In relation to the first point, the analysis of the goodwill held by ESL in "SU LETS" was made particularly difficult as it had only rebranded from "Essex Student Lets" in late 2014 and this rebrand was done in a piecemeal fashion. Nevertheless, Recorder Michaels held that ESL had built up sufficient goodwill by the time SUL registered its mark in March 2015. However, the Recorder found that, particularly due to the nature of its customers, it was possible that ESL's goodwill had not been confined to the University of Essex and may well have extended nationally. If so, the Section 11(3) defence could not succeed.

In relation to the second point, Recorder Michaels referred to the judgment of Judge Hacon in *Caspian Pizza Ltd v Shah* ([2015] EWHC 3567 (IPEC) and its endorsement by Patten LJ on appeal ([2017] EWCA Civ 1874). She considered that SUL had to be able to show that it enjoyed goodwill in the locality of the University of Essex as at the date that ESL started using the Sign there. The Recorder expressed the view that, when assessing the geographical scope of goodwill, it was necessary to consider the facts applicable to a particular business and to analyse its customer base and the degree to which that customer base was spread across England. As SUL's key customer base was students, its customers were necessarily spread across the country. SUL provided evidence that substantial numbers of its customers did not list a home address in Leicester; this included a small number who listed their home address as Colchester. As such, Recorder Michaels held that SUL's goodwill was not limited to the Leicester area. ESL was therefore unable to rely on the defence under Section 11(3). SUL's claim in passing off also succeeded.

The reported cases marked * can be found at <http://www.bailii.org/databases.html#ew> and the CJ and GC decisions can be found at http://curia.europa.eu/jcms/jcms/j_6/home

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